G. R. S. IX-5]

Previous references. 1901-02

Banking 12-1897

~~191~~

File No. 8

Serial Nos. 1—2.

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 2

Part B for July 1902

SUBJECT.

Report on the Inspection of the Agricultural Bank at Cuttack, Dumka Sakha.

Inclosed

W D 88—GPB—50,000—24-7-16

1

Draft Order

Recs:-

Letter No 826 D/17 March 1902 from the Registrar,

Enclosing Petition with his remarks. Application for the appointment of the Agricultural Bank at Goolgar, Enclosing Petition Consenting thereto by the Registrar, Sandridge, Inspector of the Agricultural Bank, ~~with Enclosures~~ ~~Petition to the Registrar~~

Order Recorded with the following Declaration.

Registrar's Declaration. (Petition Refused)

Registrar's Declaration. (Petition Granted.)

Declaration of Registrar under Sec 8 (as Refused)

Note

The draft proof of this order sent to me before being struck -

3/5

1/5/02 3/5

V 1/5/02

Ex the Registrar, Sandridge

~~Inspector, Goolgar~~

" Registrar " Agl Bank

Inspector's Name.

		Sg Comr's remarks	Observations & orders of Govt
1. Date of present inspection	1. The Bank was inspected on 22d and 23d February 1902.		
2. Whether there is a duly registered stable Bank office where members and visitors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.	2. The Bank office is held in a small room in the front yard of the present Agents house. It was at first held in a house belonging to Musalib Subbamma and was, when that locality was deserted during an outbreak of the plague transferred to the house of the President Venkatarayappa in May 1899. From there it was transferred to the Agents house as directed by the General Assembly in October 1901. These Transfer had been reported to and recorded in the office of the Registrar. Though the office room is small,		

the verandahs, in front of it, afford sufficient accommodation to members calling at the offices.

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointments is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

3. The General Assembly, in making preliminary arrangements for the starting of business, resolved in November 1894, that the Board of Directors should meet every day at the Bank house for the despatch of dark-hearts from 6 to 8 in the morning and from 6 to 9 in the evening and affirmed the same resolution in a meeting held on the 6th March 1878; but this was more than what the affairs of the Bank required or what any Board could be expected to do. Business had, as a matter of fact, been done at irregular intervals, and on an average during 6 days in a month.+

Scale 40.

+ Six sittings in the month were quite ample and I presume that all concerned had due notice thereof.

8

This should have been done before the proof was passed. Please submit to 2nd Counsellor for orders whether it is worth reprinting in amended form

25/7

25/7/02

Ed 25-7-02.

Cc will close please - There has been lumping of an unexcusable kind & of this the less will I have to be said.

26/7/02

26/7

R.3748

1

A° 1901/2

FROM The Deputy Commissioner
Nundidrug District

To The Secretary to the Government
of Mysore,
Judicial & Revenue Departments,
Bangalore

Dated 17th March 1902.

Despatched 21st Do

Received

General No.
No. 826

Enclosure No. 1

Subject the report on the inspection of the Agricultural Bank at Sulur, Nundidrug Taluk, Conducted by Mr. B Ramaswamiengar, Inspector of Agl Banks, with the necessary marginal remarks.

File last ch
Encl 24/4/02

R3748 1

Section
File No
Serial No

Submitted to the Secretary for orders
25/4/02

The omissions & irregularities pointed out by the Inspector should receive early attention. The Deputy may be requested to issue the necessary instructions to Mr Muldoon
26/4/02

The 2nd Councillor - 26/4
26/4/02

D.A. 28/4

Read 28-4-02

Please see my notes on the margin of the Inspection Report - A general order of the kind I propose would be suitable in this case - Please direct the Inspector to Report the Commissioner's observations on the above - Also send to all District Offices -
28/4/02

R
22.5.02

MM
24/4/02

No 826
Ser Report

Deputy Commissioner's Office
Tumkur District
2 Camp Sira 17th March 1902.

From,
B. G Kuthuringa Esq--
Deputy Commissioner
Tumkur District

To
H.V Nanjundayya Esqre M.A. M.L.
Secretary to the Government of Mysore,
General and Revenue Departments
Bangalore

Sir,

I have the honor to submit, herewith, the report on the inspection of the Agricultural Bank at Gubbi Tumkur Taluk, by the B Ramaswamiengar, Inspector of Agricultural Banks, with the necessary marginal remarks, &c

I have the honor to be
Sir,
Your most obedient servant

Deputy Commissioner

Enc

No 250. 3 Memo

GOVERNMENT OF INDIA

The Lyallpur Agricultural Bank

1. Date of present Inspection

The Bank was inspected on 22nd and 23rd February 1902.

2. Whether there is a duly registered suitable bank office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.

The Bank office is held in a small room in the front yard of the present Agents house. It was at first held in a house belonging to Musahib Subbanna and Co. was when that locality was deserted on account of the plague, transferred to the house of the President Venkatrayappa in May 1899. From there it was transferred to the Agents house as directed by the General Assembly in October 1901. These transfers had been reported to and recorded in the office of the Registrar. Though the office room is small, the verandas

in front of it afford sufficient accommodation to members calling at the office.

3. The General Assembly, in making preliminary arrangements for the starting of business, resolved in November 1897, that the Board of Directors should meet every day at the Bank House for the disposal of Darkhasts, from 6 to 8 in the morning and from 6 to 9 in the evening, and affirmed the same resolution in a meeting held on the 6th March 1898; but this was more than what the affairs of the Bank required or what any Board could be expected to do. Business had as a matter of fact, been done at irregular intervals and, on an average, during six days in a month.

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

4. The Banks registers, accounts, documents

4. Whether the bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village whether there was proper sanction for it.

documents, cash balance & &c. &c. are kept in the Bank office in the custody of the Agent as directed by the General Assembly.

5 The villages sought to be benefited are the same mentioned in the Memorandum of Association and are within a radius of five miles from the Bank-house. Out of the 26 members in the Bank, 24 are residents of Gulur itself; one member is a resident of Haldodderi 12 miles from Gulur, and the other, of Mysore, but both the latter have lands and houses at Gulur. The present office-bearers are all of Gulur.

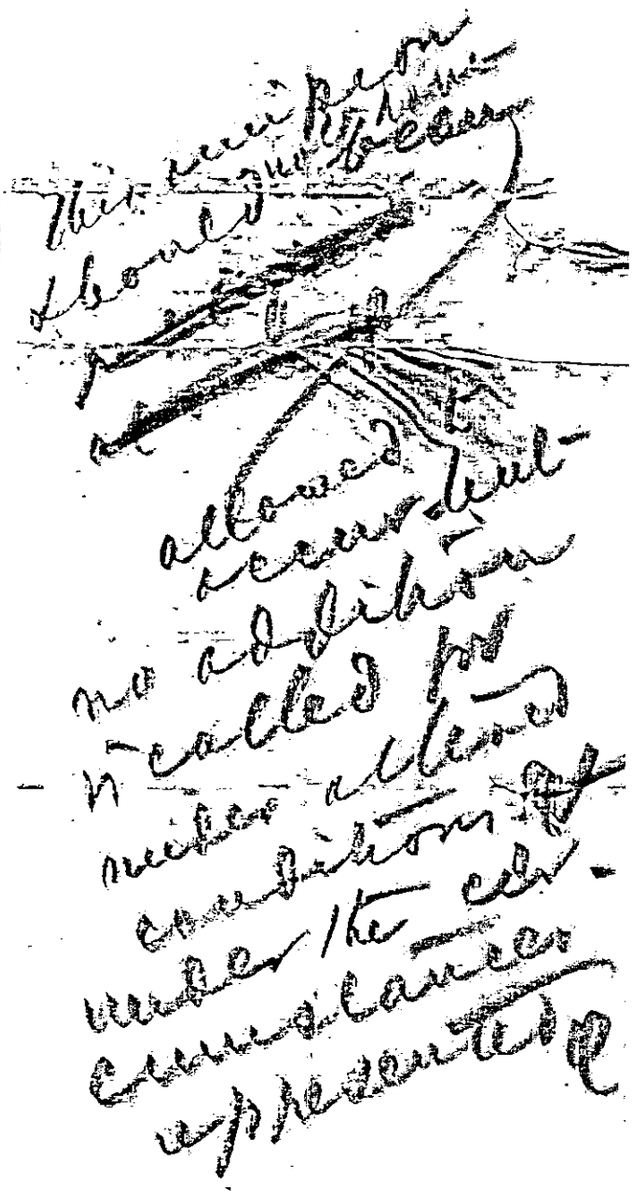
6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6 The number of members at the commencement was 27. There was since a decrease of one, by resignation.

The

The General Assembly, in August 1898, admitted the applications of 5 new men, but no entrance fee was recovered from them nor were their names brought on the register, as the Registrar's certificate concerning the increase, applied for by the Bank was not furnished to it. This omission was due to the Bank's application having been lost sight of in this office. When later, it was found out and brought to the Bank's notice, the Bank desired that the application should be returned to it as the new applicants had not furnished lists of their lands and the Bank itself was not in a position to grant the loans which they might require.

Six of the members were not Khatedars in respect of



none

some of the lands held by them, and one of them was also a member of a joint family. In these cases the consent or attestation of Khatedars and persons interested had been obtained, excepting however, in the one case of member Siddappa, regarding which the President and Agent were asked to take the usual precautionary steps notwithstanding that the member's exclusive right to and enjoyment of the lands seemed to them to be undoubted.

Twelve of the members are Brahmins, of whom nine are related to each other. One of these, the one residing at Haldoddere, is a member also of the Agricultural Bank at Haldoddere, and has dealings in both Banks, + mortgaging different properties

to each of the remaining 14 members, 3 are Lebbai Bana Tigars, 2 Nonabas, 2 Teglas, 2 Kumbars, 2 Bedars, 1 Ganiga, 1 Beda, and 1 Mahomedan.

The member that resigned was a Wakliga who had not taken any interest in the Bank.

Such members are very few & the main reason is not a matter for regret.

7. A copy of the list submitted to Government showing the lands of members is kept in the Bank, and it has been since entered in the printed form of the Property Register furnished to the Bank. A comparison of this with the Schedules of mortgage deeds executed in favor of the Bank showed some omissions and a few discrepancies in area, of which a note has been given to the President and Agent, who said they would seek the aid of the Shanbhog

7. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained: if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the bank. Any notable instances of new acquisition or improvement since formation of the bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the bank at date of inspection.

9

Goat hobe
Ther has been
some ill

and make the necessary corrections in and additions to the lists in the Register.

The gardens of the President and four other members were inspected; and concerning others, enquiry was made. The Presidents garden, about which Mr. Shengiah [illegible] made the marginally noted[x] remark in his report of the 14th November 1898, was still in a poor condition in spite of the efforts made by the President to improve it. He had rebuilt the well at some cost, and granted advances to two servants but one of them died and the other ran away. The arecanut trees in the Agents garden were stated to be of late dying in large numbers from a peculiar disease indicated by a reddish

[x] I found the arecanut garden of Venkatarayappa not ploughed up and manured this year like other gardens. I took him to task and told him that unless the garden is kept in good condition the loan will be withdrawn.

patch

hatch in the stem above the roots. He was doing this [illegible] to save the trees and plant up vacancies, but those present believed that there was something wrong in the soil. Submission of soil and diseased bark to the Agricultural Chemist was suggested. The garden of Subrayappa, the member residing at Mysore, showed indications of long neglect. His local Agent and lessee had converted a portion of the garden into wet land and were endeavouring to improve the rest. The value of wet lands has risen considerably in this part.

Members wishing to sell any of their lands have to apply for the permission of the General Assembly

RECEIVED 16

Order has been issued by the Govt of Mysore to see that this is done & reported.

16/3

[illegible]

11

Question No 11

who will as far as possible use their influence to prevent hasty or inconsiderate=

nations.

A statement is appended showing the extent to which the original list submitted to Government had been affected by resignations and other causes It will be seen therefrom that the value of lands held by members of the Bank is now Rs 28,180 against Rs 31,710 mentioned in the original list and that the decrease was due mainly to the elimination of service inam lands The liabilities of the Bank at date of inspection amounted to Rs 9,752-8-6

The limit fixed in the Articles of Association for the Banks Funds is Rs 20,000

8 As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the bank had in its dealings unauthorizedly exceeded the limit and if so how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived viz:—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in Cash and (2) in grain, deposits from outsiders, Debentures etc. Note whether the bank's credit is well established and sustained, or steadily growing: if otherwise to what extent such result is due to any action or omission of the bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

12

It has not been increased, decreased or exceeded. The following is a classification of the Banks funds at date of inspection

Entrance fee	13-8
Contributions	
Loans from Government	9,576-13-4
Loans from others	
Deposits from members	
(1) Cash	170-4-2
(2) Grain	
Deposits from outsiders	5-0
Debentures	
Out of surplus	160-14-6
Total	9,926-8-0

The Banks credit is still forming. The members have not taken the necessary steps to spread a knowledge of the merits and usefulness of the Institution in their neighbourhood. The Agent and a few of the members promised to exert themselves on this behalf.

9. The loan sanctioned by

9a. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of sections 74 & 75 of the articles of association; and state reasons for such opinion briefly and concisely.

over
which Rs 4,000 was drawn
January 1898, Rs 3,000 in February
1898, Rs 3,000 in April 1898, and the
balance (save Rs 37) in small sums
in 1898-99 and 1899-00. It has
been arranged that the Bank
should repay the advance in
ten annual instalments, and
beginning with 1899-00, it has
accordingly paid two instalments
amounting to Rs 2400, thereby
reducing the amount of advance
to Rs 7600. The amount outstand-
ing against the Bank at
date of inspection was Rs 9576-13-4
The loan may be continued
subject to the affairs being
conducted in a satisfactory
manner.

10. As regards loans and deposits from others note the terms allowed, generally in regard to rate of interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the bank's requirements or of what local conditions of credit, prudential considerations and the progress and well being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually completely and satisfactorily.

10 The deposits received and withdrawn were as follows:—

	Received	Withdrawn	Balance remaining
(a) From members	871-4-2	731-"	140-4-2
(b) " others	333-"-"	328-"-"	5-"-"
	1204-4-2	1059-"-"	145-4-2

Interest at 4 percent was

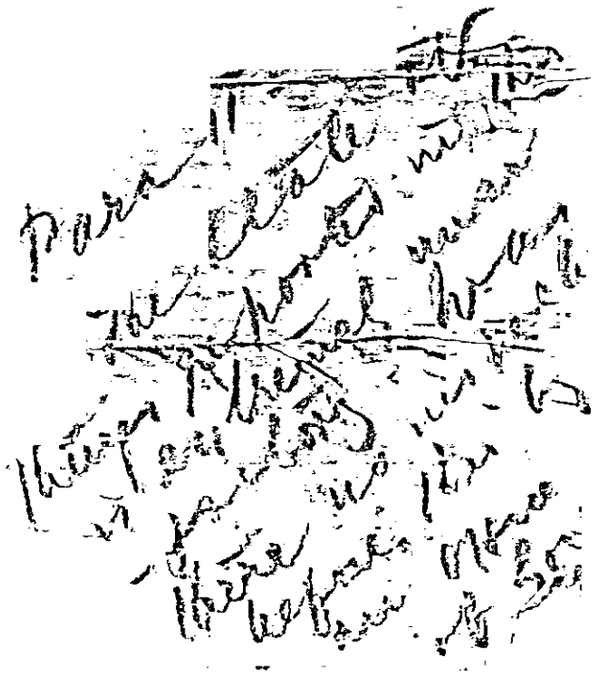
made rules
those of the Savings
governed them. Efforts
made to attract deposits were
much below requirements. There
being ample security, and the
town of Yamkaw being very near
the Bank might derive sufficient
support from officials and
others in a position to save one
or two energetic members ought
to do the needful. Canvassing
and this the Agent has pro-
mised to do.

14

There is one item of the Yamkaw Savings Bank which should be referred to the Head Office for consideration

11. The Cash Book had not been written with sufficient care. It contained many erasures and corrections and some interpolations unattested by the President or Agent. Such mistakes and omissions could not have occurred if the book had been posted up as the transactions took place. Receipts had not been granted in some cases. Some of the Receipts granted comprised present and past payments and some bore subsequent

11. As regards the Bank's transactions—Compare the Cash Book with ledgers, Receipts, chalans, Cheques, Treasury Pass Book, Contingent and establishment registers, documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave. In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory note briefly your objections.



subsequent dates without any
note as to actual date of
payment. There was one receipt
in respect of which the total
in Counterfoil of the Bank was
alone altered with reference
to certain corrections in details
and the total, made in the
Cash Book, subsequent to the
granting of receipt. The
dates of payment by the Bank
had in a few instances been
altered both in the Cash Book
and in the Receipt Book, but
as regards these corrections,
while the Agent who made
them was unable to offer any
explanation, one of the directors
present suggested that they
might have been due to
creditors having been brought
to the Bank and paid in
the Bank subsequent to the
dates on which the members
concerned executed receipts
in favor of the Bank. There

16

was further one wrong total causing loss of one rupee, which, however, was made good by the then Agent when the error was pointed out. In the course of five years there had been five changes in the offices of President and Agent and eight changes in that of the accountant paid to help the Agent in keeping the accounts. The erasures, corrections and discrepancies were all pointed out to the Presidents Agents and Directors present and explanations were caused to be noted on counterfoils of receipts when they were found acceptable. As some of these gentlemen seemed to feel ashamed of the way in which the Cash Book had been kept they may be expected to take sufficient care in future.

47

Were the charges incurred under Establishment and contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

The persons paid as Accountants of the Bank were

(1) a son of the present Agent, studing at Mysore, during the time he sojourned at Ajjuru

(2) a son-in-law of the said Agent

(3) a brother of the President

(4) a son of the former Agent employed as a clerk in a Government office during the time he happened to visit the village on leave when his father held the office of Agent

(5) a member of the Bank named Surappa who was a relation of the President and Agent, and who, besides being a member of this Bank, was the President of the Bank at Haldoddere

(6) Gundappa, another member of the Bank, for a short period

If the said appointments were not

not nominal, the power to appoint such close relations, whether or not they were able or required to write accounts, had probably been viewed as a fairly allowable perquisite. When I pointed out the little work done by these men and the way in which it had been done, and spoke of the duty imposed on members to render gratuitous service and the benefits accruing to the Bank by such performance of duty, the members present, both Brahmin and non-Brahmin, observed that a Gumasta was indispensable for the dignity of the Institution and when they were told that there was greater dignity in their rendering gratuitous service, they observed that most of the competent among the literate members were staying out or going out and the burden would fall heavily

18

The correct & regular keeping of accounts requires a good deal. Gumasta & in a village like this Rs 5 or 6 per mensem will procure one. It is preferable if he is not a relation of the President or Agent

16/3.

As regards the pay of the Mahaddo for 5 months from December to end of April, during which the business of the Bank was in abeyance, amounting to Rs 225/- which remained unexpended the question for the non payment was upon consideration found to be not due to any fault of the official but to the occurrence of plague scare in consequence of which business was not done. The Assembly therefore resolve to sanction the expenditure of Rs 225/- and disbursement of the same as pay"

one such as stayed at Lydus. The accommodating spirit of the General body of members may be seen from the marginally noted resolution of the General Assembly allowing the President - one member referred to, remuneration for services as Gumasta during a period when there was little or no work to be done owing to the prevalance of the Plague. That gentleman is said to have then come to Lydus on a visit and compelled to stay there as Haldodderi people declined to admit him. In one or two instances the Government had ordered the refund of salary received by members for services to the Bank, but the Assembly that was immediately interested in conserving the resources of the Institution had sanctioned the payments and it was not clear that

its decision could be revised or corrected.

The Cash Balance on the 16th February 1902, the date of the last entry in the Cash Book was Rs 54--9, and it was shewn by the Agent. The limit fixed in the Articles of Association for cash balance in the hands of the Board of Directors is of Rs 500. On six days during the period which preceded the meeting of the General Assembly on 27th May 1899, the balance exceeded that limit, and on one of those days it exceeded Rs 2000. The General Assembly of the 27th May 1899 took notice of this and directed that Rs 25 only should be retained in the Book on account of current expenses and that sums in excess of Rs 25 should invariably be transmitted to the Government Treasury. This order had been violated on 160 days during the period that followed the said

20

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the bank's chest. Are instances frequent of the transgression of the limit fixed in the articles of association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or Presiden

Rs 25 to be kept as a sum — always up to Rs 100.

16/3

The Directors in their reply to the Inspection Report will be awaited

said meeting of the General Assembly, the balance exceeding Rs 100 on 61 days. The facility afforded for keeping current account with the Treasury had to the extent possible not been utilised. The explanation given is that there were members waiting for loans, but the balances were in excess of Rs 100 continuously for a period of 17 days on one occasion, and of 24 days on another occasion.

Note the general results of the bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the bank is correct in all particulars.

The general results of the Bank's transactions upto date of inspection were as follows:-

Receipts	Rs.	A.	P.	Expenditure	Rs.	A.	P.
From Treasury	11,976	13	4	To Treasury—			
Deposits from members	901	4	2	Current account			
" " others	333	-	-	Principal repaid	2,400	-	-
Entrance fee	13	8	-	" Depositors	1,059	-	-
Interest and penalty	2,413	10	1	" Members-Loan	13,825	-	-
Loans repaid	3,898	8	-	" Government on account	1629	9	4
Other items	-	3	9	of interest			
				" Depositors — do —	13	12	2
				" Printing charges	33	2	6
				" Establishment	448	5	4
				" Contingencies	74	1	3
				" Cash in hand	54	-	9
Total	19,536	15	4	Total	19,536	15	4

22.

The balance sheet for the half-year ending 31st December 1901 was, on examination, found to contain slight errors under the heads Repayment of loans and recovery of interest and fines, resulting in a net decrease of one rupee. The Bank has been asked to make the necessary corrections before getting the balance sheet recorded.

Note C

12. The limitations prescribed in the Articles of Association as regards loans to members (viz. Rs.500 for a 1st, 2nd or 3rd class loan, Rs.50 for a 4th class loan and Rs.2000 for total liability) had not been exceeded in the case of any. The General Assembly, at the meetings held on 21st November 1897 and 10th March 1898 resolved that members might be granted loans to the extent of two-thirds of the value of property to be mortgaged to the Bank. This limit had been exceeded in the

17. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in section 42 of the articles of association, the General assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favour particular individuals, and had such instaces produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

23

GOVERNMENT OF INDIA

the case of two members, Karigoudappa and Lyndappa. At the inspection held in September 1898 Mr. Lobenguah bitterly expressed the opinion that the loans granted should not exceed 50 percent of the value of property and that in the seven cases in which they exceeded this limit the Board of Directors should at once take additional security: whereupon the Government directed that the Amildar should see that the same was done. No additional security was however obtained from any of the members and when the omission was brought to the notice of the President and Agent in August 1899 they said that an early meeting of the General Assembly would be convened to consider the question of modifying the maximum limit of two-thirds originally fixed

fixed by a General Assembly;
but the question had not been
placed before the General
Assembly in any of the
meetings held subsequent
to August 1899. By payments
of instalments the amounts
of first class loan outstanding
against four of the seven
members referred to had
come to be under 50 percent,
while the sums outstanding
against the others, viz.,
Kumbar Siddanjappa Karigirappa
and Ayirdappa were still
in excess of 50 percent, that
is, they were from 54 to 56 per-
cent. There were no complaints
as to any deserving applications
having been refused; but the
General Assembly at one of
their meetings resolved that
the President and Agents
had shown partiality to
one of themselves, the President,
in granting him a loan of
Rs. 120.

Note the sums obtained and used for the several purposes indicated in the appended form.

25 The objects for which loans are applied for, are explained in the applications for loans and the register of such applications. The Directors are stated to have watched the use made of the loans obtained and no instances of misuse had been brought to notice. The purposes for which loans were obtained and used are shewn below:-

Amount obtained.	Rs.	A	P	Amount spent.	Rs.	A	P
1. To discharge encumbrances	6,467	..	..	1. For discharging encumbrances (with interest)	6042	..	..
2. To " other debts	3,798	..	..				
3. For Agricultural purposes	3560	..	..	2. To discharge other debts (with interest)	3758	..	..
				3. For Agricultural purposes:-			
				(a) Kandayam	372	..	..
				(b) To buy bullocks and carts	1205	..	..
				(c) Planting	272	..	..
				(d) Improvement of wells	130	..	..
				(e) Manure	565	..	..
				(f) Seeds	250	..	..
				(g) Other improvements Connected with gardens	766	..	..
Total	13825	..	..	Total	13360	..	..

13. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference if any with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts &c. obtained had been produced, and in case of notable exceptions when they are expected to be produced.

13. The Bank had returned 28 mortgage deeds. These were in due form and registered. One of them, however, was not in the custody of the Agent, being stated to have been produced in Court in obedience to summons. In the documents executed by Mouch Hamamda for Rs 56, interest was entered at 5 1/2 percent instead of at 6 percent, but it had been recovered at 6 percent. Of the three mortgage deeds duly discharged and 35 discharged documents and other vouchers in respect of simple debts, had been produced inclusive of those due from four out of the six defaulters named in para 5 of Mr Thangiah Chetty's report. The remaining two defaulters were (1) Yakoob Lab (2) Gundappa and to the former the Bank declined to grant the loan required to discharge the prior mortgage for

on the ground that the security offered by him was insufficient although its officers at first agreed to pay the amount and got a deed executed and registered. In addition to Iyandappa referred to two members, namely Kuch Heavumaiya and Lingappaiya, have to produce discharged documents involving Rs.465 in respect of loans obtained subsequent to Mr Chengiah Chetty's inspection. The Agent had not produced certain sale deeds in respect of the lands hypothecated by him, on the ground that Patta had been made out in his name. He has been asked to file them in the Bank with the mortgage deed executed by him, as also to cause early production of the discharged documents referred to.

The Circular has been written to see that this is done & submit a report.

16/3.

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

Loans outstanding against members

members as at date of inspection were as follow

Class I	Class II	Class III	Class IV	Total	Value of property under mortgage to the Bank
Rs 8681-8-	865-		380	9926-8-	25,215-

14. The defaults made by members had been brought to the notice of the General Assembly at each annual meeting, but dealt with by the Assembly in a lenient manner. In the case of defaults noticed at the end of the first year's operations, the General Assembly took into consideration the effects of the out-break of the Plague in their midst and resolved that penalty on sums of interest overdue be permitted till July 1899, and that in lieu of the instalments payable by members under the terms of the documents executed by them in which time for repayment had been allowed from 1 to 10 years as noted in the margin, ten annual instalments be recovered from all the members without distinction

1 year in 1 case
3 years — " — 2 cases
4 " — " — 3 " "
5 " — " — 12 " "
6 " — " — 4 " "
8 " — " — 2 " "
10 " — " — 3 " "

14. As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears if any how explained and when expected to be paid.

at one-tenth of the loans granted. This rule virtually revised the terms of the registered deeds executed by members, and was specially advantageous to 26 members including office-bearers. In spite of these concessions the General Assembly in their next annual meeting held in October 1900, had to deal with six defaults in the payment of interest and 15 defaults in the payment of instalments. The General Assembly took into consideration the loss caused by the failure of crops and resolved that the interest overdue be recovered forthwith, but without the penalty due under the rules in force; that further time upto the end of March 1901 be allowed for the payment of instalments overdue, and that defaults if persisted in be dealt with under section 54 of the Articles of Association. The office-bearers who were then defaulters were far from

This will fulfil a part of the usefulness of the Bank except in regard of those that have already borrowed large sums. The enforcement of the terms of the bonds strictly is therefore desirable.

16/3.

This is a matter to which the Registrar will have to give attention

to proceed under section 54. The next meeting of the General Assembly held in September 1901 had thus to deal with 21 cases of failure to pay one instalment 7 cases of failure to pay on 2 instalments 1 case of failure to pay 3 instalments, 6 cases of failure to pay or renew on II nd III rd class loans The General Assembly attributed the defaults to the losses occasioned during the plague-years and resolved that the first mentioned defaulters be allowed to pay the instalment overdue in three parts, each part being payable with the instalment becoming due in the next three years; that the second mentioned defaulters do pay one of the instalments in October 1901 and the other in 3 parts as above; that the member who failed to pay three instalments called upon to pay up amounts due by him

[illegible]

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rond that renewals of IIIth class loans be permitted only on payment of portions of sums due, not lower than Rs5 on each occasion The lenency shewn by the General Assembly only tended to make impunctuality chronic: and at the end of December 1901 the Bank found that it was unable to pay fully the half yearly interest due to Government. An extraordinary meeting of the General Assembly held on the 8th January 1902 resolved that if funds were not shortly forthcoming by payments from members, deposits be obtained, even at the rate of 12 percent per annum, in order to pay the interest due to Government, that the loss which may thereby be occasioned to the Bank be levied from defaulters of interest, that defaulters of instalments and other loans be served with notices for payment of the whole of the sums due by them and proceeded against.

against in a Court of Law and that the amount required to meet Court costs be raised by means of deposits at 12 per-cent, if necessary. Subsequent to the date of that Resolution, arrears of interest and principal amounting to Rs 327-10-1 were recovered out of Rs 963-11-3 overdue even according the revised terms, and the Bank paid up the balance of interest due to the Government Rs 33-4-0. At the time of inspection there were 13 defaulters, from 1 of whom interest only was due, from 11 of whom principal only was due, and from one, both principal and interest were due. Among these were the President and two of the Directors. The President, it was clear from the Resolutions of the General Assembly, did not possess the sympathy or regard of the general body of members, in whose last proceedings it was noted that he was always

putting off payments and offering untenable excuses. The advisability of his resigning the office of President was suggested.

15. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value. . . .

15. The surplus up to date of inspection amounted to Rs 253-14-0 out of which Rs 228-7-3 had been realized. No portion of this had been carried to the Reserve fund. A sum of Rs 174-6-6 was used for the granting of loans to members and a sum of Rs 54-0-9 was in the hands of the Agent.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law.

16. The rules for convening meetings of the General Assembly are understood by the members. Two meetings were held in 1898 but only one in each of the years 1899-1900 and 1901. The resolutions of the first of these 5 meetings have been recorded in the office of the Registrar, the reason for the non-recording of the resolutions of the 2nd meeting have been referred to in para 6. above. The Proceedings of the 3rd meeting could not be sent for registration as they were not confirmed

confirmed within the prescribed period. Steps have been taken to get the proceedings of the 4th and 5th meetings recorded. One extraordinary meeting was held in January 1902, but the proceedings thereof have not been confirmed or recorded. The agent explaining that it was not deemed necessary to observe these formalities in respect of the business done which was merely a consideration of the defaults by the President and others in paying the Bank's dues.

17. The minute Book shews that the Directors met on six occasions to consider the meetings of the general assembly and on one occasion to appoint a temporary Agent. Applications for loans &c appeared to have been disposed of by them by circulation.

18. There was no record of any appointment of Auditors made by the General Assembly. It was explained that the

18. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

19. As regards supervision, whether any and what arrangements the general assembly had made for control and audit, are they effective and satisfactory.

25

Over proof of this Item allowed in Gen. Acct.

the Directors nominated Auditors pro tempore for the examination of each Balance Sheet after the same was prepared. The General Assembly had made no arrangements for effective supervision and the General Assembly had itself been exceedingly lenient

19 The following is a list of Books and Registers in the Bank.

19. As regards registers and accounts, see appended list, note therein which of them is kept and how.

List of Registers and Accounts	State of Register or Account	Reference to paras in Inspection Report noticing the Registers and Accounts.
I Register of Members	Properly kept	Para 6
II — Do: of Applications for Loans	— Do: —	12
III Cash Book — 2 vols —	contained many erasures, corrections interpolations illegible entries and one wrong total. Also Ledger pages not entered therein. Entries not sufficiently clear.	11
IV Ledger.		
V Minute Book	Duly kept. A few proceedings of the Board of Directors also entered therein.	16
VI Register of Balance Sheets	Loose sheets kept. There were a few slight discrepancies in the returns for the half-year ending December 1901.	11
VII Property Register	Kept in Printed Book — contained a few omissions	7
VIII Register of Monthly Cash Abstracts	Lists furnished by 3 members not full. Loose sheets kept.	
IX Register of Bonds.	Kept in regard to documents executed in favor of the Bank. Does not contain cols: for shewing the no: and particulars of title deeds and other documents produced but a seperate note book is kept to shew this.	
X Receipts by Bank to members	Printed books in counterfoil used, as also when those were exhausting 2 MSS Books. Receipts not invariably granted to all payers or on date of payment.	11
XI Depositors' Ledger	Not fully written up, contained corrections	
XII Treasury Pass Book	Not fully written up. Entry made up to 14-10-98. Twelve entries had to be made under the head "Drawn from Treasury" and 16 entries under the head "Paid into Treasury"	
XIII Cheque Book.	Printed Book in counterfoil in use.	
XIV Cheque Book	— Do: — Do: —	
XV Receipts by Members to Bank	Duly kept. There were some corrections under the col. showing date of payment.	11
XVI Registers of Directors — — —	Kept.	
XVII — Do: — of Directors' Proceedings —	Not seperately kept	17
XVIII — Do: — of Appropriation of Loans	Not kept. Purposes ~~Securities~~ specified in applications. Discharged documents had been produced to a large extent.	
XIX — Do: — of contingent expenses —	Kept, but not signed by all the Directors as required by a Resolution of the General Assembly.	
XX — Do: — of disbursement of pay to establishment from Head Office	Not seperately kept — Items taken in Book to XII — do: for	

The President is old and infirm. There was at one time grave misunderstanding between him and the Agent owing to his having opposed the latters charging pay for a Meirtsaddi in favor of his son and son-in-law. The President sent petitions to the Inspector about the Agent wasting the surplus in this manner but he was snubbed by the General Assembly and replaced by another. The quarrel had since been made up and the old gentleman allowed the pleasure of re-occupying the position of President, but, to all appearance, without dignity. He was incapable of exercising any influence for good.

The draw-backs noticed were due chiefly to want of firmness on the part of the General Assembly, who apparently followed the leading of the Agent and other Brahmin members

Both the President and the Agent were [illegible] [illegible] [illegible]

members.

With a slight warning from the Deputy Commissioner and with occasional enquiries by local officers, matters may improve.

Ramachandra Aiyangar
Inspector of Agricultural Banks in Mysore

Submitted to Government through the Deputy Commissioner, Tumkur District.

The 6th March 1962.

Ramachandra Aiyangar
Insp. of Agr. Banks

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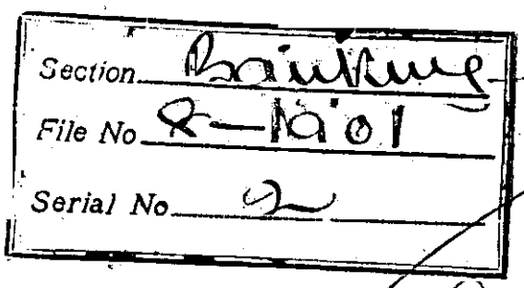
Proceedings of the Govern-ment of Mysore



Read

Press Copy

for Secretary
S.V.

Letter No 826 dated 17th March 190 from the Deputy Commissioner, Tumkur District, submitting with his remarks the report on the inspection of the Agricultural Farm at Sulur, Tumkur Taluk, Conducted by Mr B. Ranga-Sami Iyengar, Inspector of the Agricul-

Please send 6 proof Clean Copies
14/5

Rec'd on 29-5-02 d. 2 p.
M

Appendix I

Statement shewing the extent to which the original list of property submitted to Government had been affected by resignation and other causes.

	Sircar land						Inam land						Total		Value
	Dry		Wet		Garden		Dry		Wet		Garden				
	A	G	A	G	A	G	A	G	A	G	A	G	A	G	Rs.
Property of said 2 members as entered in the original list submitted to Government	213	12	75	38	24	5	313	15	63	16	30	8	9	15	102	39	416	14	31,710
Decrease in the above:-																			
(1) owing to resignation of 1 member	4				1	7	5	7									5	7	500
(2) " to sale by 2 members before the opening of the Bank			1	32		39	2	31									2	31	200
(3) " to the elimination of lusse in the lands of 1 member	5	12		20			5	32									5	32	22
(4) " to the omission of certain Sircar & Inam lands of 3 of these members									47	33	5	38	8	34	62	25	62	25	306
Total decrease	9	12	2	12	2	6	13	30	47	33	5	38	8	34	62	25	76	15	399
Increase in the property of 2 members owing to inclusion of lands not shewn in the original list but mortgaged to Bank	5	5	4	2			9	7									9	7	
Total property of the original 6 members on roll	209	5	77	28	21	39	308	32	15	23	24	10	-	21	40	14	349	6	2

Office of the Inspector of Agricultural Banks in Mysore
Bangalore 10th March 1902

Rao Bahadur M. Venkatasubbiah
Inspector of Agricultural Banks

40 Rural Banks.

Order thereon :- No

dated Bangalore

May 1902.

Recorded with the

following observa-

tions :—

No. 250 41

Memo 3.

The Gubbi Agricultural Bank

vs

1. Date of present inspection

1. The Bank was inspected on 22d and 23d February 1902.

2. Whether there is a duly registered suitable bank Office where Members and depositors could call and have their business attended to; and if there had been any change in the Office since last inspection, why necessitated and whether duly registered.

2. The Bank Office is held in a small room in the front yard of the present Agent's house. It was at first held in a house belonging to Musahib Subbanna and was, when that locality was deserted during an outbreak of the plague; transferred to the house of the President Venkatarayappa in May.

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1899. From these
was transferred to
the Agents' house as
directed by the General
Assembly in October
1901. These transfers
had been reported to
and recorded in the office
of the Registrar. Though
the office room is
small, the Verandah
in front of it, afford
sufficient accommoda-
tion to members calling
at the office

3. The General Assem-
bly, in making preli-
minary arrangements
for the starting of
business, resolved in
November 1897, that
the Board of Directors

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

should meet every day
at the Bank house
for the disposal of
Darkhasts, from 6 to
8 in the morning and
from 6 to 9 in the
evening, and affirmed
the same resolution
in a meeting held on
the 6th March 1898;
but this was more
than what the affairs
of the Bank required
or what any Board
could be expected to
do. Business had as
a matter of fact
been done at irregular
intervals, and on an
average, during six
days in a month.

Government Observation.
quite so.

Government Observation.
Six sittings in the month
were quite ample, and
Government presume that all
concerned had due notice
thereof

4. Whether the bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.

4. The Bank's Registers, accounts, documents, cash balance & are kept in the Bank's office in the Custody of the Agent as directed by the General Assembly.

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village whether there was proper sanction for it.

5. The Villages sought to be benefited are the nine mentioned in the Memorandum of Association and are within a radius of five miles from the Bank-house. Out of the 216 members in the Bank, 24 are residents of Guntur itself; one member is a resident of Haddeni, 12 miles from

45

Gulur, and the 7 other of Mypore; but both the latter have lands and houses at Gulur The present Office-bearers are all of Gulur

(7). As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6. The number of Members at the Commencement was 27 There was Since a decrease of one, by resignation.

The General Assembly in August 1898 admitted the applications of 5 new men, but no entrance fee was recovered from them nor were their names brought on the Register

Government observation.

This omission, should not have been allowed to occur but no addition is called for under altered conditions and under the

circumstances represented

as the Registrars certificate concerning increase, applied for by the Bank was furnished to it. The omission was due to the Banks' application having been lost sight of in this office when, later, it was found out and brought to the Banks notice, the Bank desired that the application should be returned to it as the new applicants had not furnished lists of their lands and the Bank itself was not in a position to grant the loans which they might require.

Six of the Members were not Khatedars in respect of some of the lands held by them; and one of them was also a member of a joint family. In these Cases the Consent or attestation of Khatedars and persons interested had been obtained excepting, however, in the one case of Member Siddappa, regarding which the President and Agent were asked to take the usual precautionary steps notwithstanding that the Members

Government observation.

This should receive immediate attention.

enclosure right to
and enjoyment of the
lands seemed to them
to be undoubted

Twelve of the
members are Brah-
-mins, of whom nine
are related to each
other. One of these
one residing at
Halddodere, is a
member also of the
Agricultural Bank
at Halddodere, and
has dealings in both
Banks, mortgaging
different properties
to each. Of the remaining
14 members 3 are Idiga
Banajigaas, 2 Nonabas
2 Tigalas, 2 Kumbaras,

49

2 Bedaro. 1 Gamez
1 Bestia and 1 Macho
medan

1 The member that
resigned was a Wak
liga who had not
taken any interest
in the Bank.

Government Observation:
Such members are next to useless and the man's resigna-tion is not a matter for regret

7. A Copy of the
last Submitted to
Government shewn
the lands of members
is kept in the Bank
and it has been duly
entered in the printed
form of the Propert
Register furnished to
the Bank. A Comp-
parison of this with
the Schedules of Mortg-

7. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained: if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the bank. Any notable instances of new acquisition or improvement since formation of the bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the bank at date of inspection.

deed executed in favor of the Bank showed some omissions and a few discrepancies in area, of which a note has been given to the President and Agent, who said they would seek the aid of the Shanwhog and make the necessary corrections in and additions to the lists in the Register.

Government Observation.

Government hope that this has been done.

The gardens of the President and four other members at Sutur were inspected; and concerning others, enquiry was made.

The Edaved President's
garden, about which
Mr Shenigrah Chetti
made the marginal
noted remark in his
report of the 14th
November 1898, was
still in a poor Con-
dition in spite of the
efforts made by the
President to improve
it. He had rebuilt
the well at some cost
and granted advance
to two Servants but
one of them died
and the other ran
away. The arecanut
trees in the Agents'
garden were slated

*" I found the arecanut garden of Venkatarayappa not ploughed up and manured this year like other gardens. I took him to task and told him that unless the garden is kept in good condition the loan will be withdrawn

5/2.

to be of late, dying in large numbers from a peculiar disease indicated by a reddish patch in the stem above the roots. He was doing his best to save the trees and plant up vacancies, but those present believed that there was something wrong in the Soil. Submission of Soil and diseased bark to the Agri Cultural Chemist was suggested. The Garden of Subordinate the member residing

Deputy Commissioner's remark.

Orders have been issued to the Amildar of Tumkur to see that this is done and reported.

Government observation.

Noted.

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at Mysore, showed indications of long neglect. His local Agent and lessee has converted a portion of the garden into wet land and were endeavouring to improve the rest The value of wet lands has risen considerably in the part.

Members wishing to sell any of their lands have to apply for the permission of the General Assembly who will, as far as possible, use their influence to

Government observation.

A copy of this para will be sent to the Agricultural Chemist for favor of investigation. Every attempt should be made to prevent deterioration and consequent diminution of the Banks or the Government security. ++

Government observation

Guild Fight.

prevent hasty or 15
inconsiderate alienations.

A Statement is appended shewing the extent to which the original list Submitted to Government had been affected by resignation and other Causes. It will be seen therefrom that the Value of Lands held by members of the Bank is now Rs 28,180/- against Rs 31,710/- mentioned in the original list and that the decrease was due mainly to

16

the elimination of Service Iram Lands The liabilities of the Bank at date of inspection amounted to Rs 9.732-1-6

8. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the bank had in its dealings unauthorizedly exceeded the limit and if so how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived viz:—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in Cash and (2) in grain, deposits from outsiders, Debentures etc. Note whether the bank's credit is well established and sustained, or steadily growing: if otherwise to what extent such result is due to any action or omission of the bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

8. The limit fixed in the Articles of Association for the Bank's Funds is Rs 20,000/-. It had not been increased, decreased or exceeded The following is a classification of the Bank's Funds at date of inspection:

Entrance fee	13-8-0
Contributions	
Loans from Government	9,576-13-4
Loans from others	—

Deposits from members.

(1) Cash - - 170-4-2

(2) Grain - - " - " -

Deposits from outsiders 5 - " -

Debentures - - - - " - " -

Out of Surplus - - 160-14-6

Total 9.926-8-0

Government observation

The District and local authorities could do much in this direction. The members too should do all that is reasonably expected of them.

The Banks credit is still forming. The members have not taken the necessary steps to spread a knowledge of the merits and usefulness of the institution in their neighbourhood. The Agent and a few of the members promised to exert themselves in this behalf.

57

Rs 12,000/- of which Rs 4,000/ was drawn in January 189 Rs. 3,000/- in February 1898. Rs 3,000/- in April 1898, and the balance (Sane Rs. 37) in Small sums in 1898-99 and 1899-00. It has been arranged that the Bank should be repaid the advance by annual instalments and beginning with 1899-00, it has accordingly paid two instalments amounting to Rs. 2,400; thereby reducing the amount of advance to Rs. 9,600/- The amount outstanding against the Bank at date of inspection was Rs. 9576-1/3-4.

The loan may be continued subject to the affairs being conducted in a satisfactory manner

Government observation.

Approved.

note the terms allowed, generally in regard to rate of interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the bank's requirements or of what local conditions of credit, prudential considerations and the progress and well being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually completely and satisfactorily.

10. The deposits received and withdrawn were as follows:

	Received	Withdrawn	Balance remaining
From members	871-4-2	731-0-0	140-4-2
outsiders	333-0-0	328-0-0	5-0-0
	1204-4-2	1059-0-0	145-4-2

Interest at 4 per cent was allowed on deposits, and rules similar to those of the Savings Bank governed them. Efforts made to attract deposits were much below requirements. There being ample security and the town of Lunuku being very near, the Bank might derive sufficient support from officials and others in a position to save. One or two energetic members ought to do the

Government Observation

There is much in this and Government would be glad if support of the kind suggested could be secured.

1½. As regards the Bank's transactions—Compare the Cash Book with ledgers. Receipts, chalans, Cheques, Treasury Pass Book, Contingent and establishment registers, documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory note briefly your objections.

Government Observation.

Para 11.

The state of things reported in this is extremely unsatisfactory. Was there no inspection before this by an officer of Government?

I medful Canvassing and this the Agent has promised to do.

11. The Cash Book had not been written with sufficient Care. It Contained many erasures, and, Corrections and some interpolations unattested by the President or Agent. Such mistakes and omissions, could not have occured if the book had been posted up as the transactions took place. Receipts had not been granted in some Cases; some of the Receipts granted Comprised present and past payments, and bore subsequent dates without any note as to actual date of payment.

there was one receipt in respect of which the total in the counterfoil of the Bank was alone altered with reference to certain corrections in details, and the total, made in the Cash Book, subsequent to the granting of receipt. The dates of payment by the Bank had in a few instances been altered, both in the Cash Book and in the Receipt Book, but as regards these corrections, which the Agent who made them was unable to offer any explanation, one of the directors present suggested that they might have been due to creditors having ~~been~~ brought to the Bank and paid in the Bank subsequent to the dates on which the

22

members. Concerned exe-
cuted receipts in favor
of the Bank. There was
further, one wrong total
causing loss of one rupee,
which, however, was made
good by the then Agent
when the error was point-
ted out. In the Course of five
years there had been five
changes in the offices of
President and Agent
and eight changes in that
of the accountant paid to
help the Agent in keeping
the accounts. The treasures,
Corrections and discre-
pancies were all pointed
out to the Presidents, Agents
and Directors present and
explanations were caused
to be noted on Counterfoils
of receipts when they were
found acceptable

As some of these gentlemen seemed to feel ashamed of the way in which the Cash Book had been kept they may be expected to take sufficient care in future.

The persons paid as Accountants of the Bank were :—

(1) a Son of the present Agent, residing at Mysore during the time he sojourned at Gulur.

(2) a Son-in-law of the said Agent.

(3) a brother of the President.

(4) A son of the former Agent employed as a clerk in a Government office during the time he happened to visit the village on leave when his father held the office of Agent.

(5) a member of the Bank named Surappa who was a relation of the President and

Were the charges incurred under Establishment and contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

Government Observation.—

This is a matter deserving of further investigation.

and Agent, and who besides being a member of this Bank, was the President of the Bank at Haldodderi. (6). Gundappa, another member of the Bank for a short period. If the appointments were not nominal, the power to appoint such close relations, whether or not they were able or required to write accounts, had probably been viewed as a fairly allowable perquisite. When I pointed out the little work done by these men and the way in which it had been done and spoke of the duty imposed on members to render gratuitous service, and the benefits accruing to the Bank by such performance of

Deputy Commissioners remarks

The correct and regular Keeping of accounts require a qualified Gumasta and in a village like this Rs 5 or 6 per mensem will procure one. It is preferable if he is not a relation of the President or Agent.

Government observation.

Yes

of duty, the members present both Brahmin and non-Brahmin, observed that a Gymnasia was indispensable for the dignity of the Institution, and when they were told that there was greater dignity in their rendering gratuitous service they observed that most of the Competent among the literate members were staying out or going out and the burden would fall heavily on such as stayed at Gudur.

The accommodating spirit of the General body of members may be seen from the marginally noted resolution of the General Assembly allowing the President member referred to

"As regards the pay of the Mutsaddi for 5 months from December to end of April, during which the business of the Bank was in abeyance, amounting to Rs 25/- which remained unexpended —, the reason for the non payment was upon consideration found to be

not due to any fault of the official but to the occurrence of plague scare in consequence of which business was not done. The Assembly therefore resolve to sanction the expenditure of Rs 25/- and disbursement of the same as pay.

remuneration for services as Gumasta during a period when there was little or no work to be done owing to the prevalence of the Plague. That gentleman is said to have then come to Guler on a visit, and compelled to stay, there as Kalidoddare people declined to admit him. On one or two occasions the Government had ordered the refund of salary received by members for services to the Bank, but here the Assembly that was immediately interested in conserving the resources of the institution had sanctioned the payments and it was not clear that its decision could be reversed or corrected.

The Cash Balance on the 16th February 1902, the

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the bank's chest. Are instances frequent of the transgression of the limit fixed in the articles of association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President ~~for surreptitious use by himself or other members of the Board.~~

the date of the last entry in the Cash Book, was Rs 04-9, and it was shewn by the Agent. The limit fixed in the Articles of Association for Cash Balance in the hands of the Board of Directors is — Rs 500. On six days during the period which preceded the meeting of the General Assembly on 27th May 1899, the balance exceeded that limit, and on one of those days it exceeded Rs. 2,000. The General Assembly of the 27th May 1899 took notice of this, and directed that Rs 25 only should be retained in the Bank on account of current expenses and that sums in excess of Rs 25 shall

Deputy Commissioner's remark.
Rs 25/- is too low a sum — it may go up to Rs 100/-.

Government observation.
The Deputy Commissioner is perhaps right. His proposals on the subject are awaited.

invariably be transmitted to the Government Treasury. This order had been violated on 160 days during the period that followed the said meeting of the General Assembly the balance exceeding Rs 100 on 61 days. The facility afforded for keeping current account with the Treasury had not been utilized to the extent possible. The explanation given is that there were members waiting for loans, but the balances were in excess of Rs 100, continuously for a period of 17 days, on one occasion and of 24 days on another occasion.

The general results of the Bank's transactions up to date of inspection were as follows:—

Note the general results of the bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the bank is correct in all particulars.

Receipts				Expenditure			
From Treasury	11,976	13	4	To Treasury & Current Account			
Deposits from members	901	4	2	" Principal repaid	2400	-	
Fines	333	-	-	" Directors'	1059		
Entrance fee	13	8	-	" members' do-	13,825		
Interest and penalty	2413	6	1	" Government on account of interest	1629	9	
Loans repaid	3898	8	-	" Directors - do-	13	12	
Other items	-	3	7	" Printing charges	33	2	
				" Establishment	448	5	
				" Contingencies	74	1	
				Cash in hand	54	-	
Total	19,536	15	4	Total	19,536	15	

N. Balance Sheet fo
the half year ending
31st December 1904
was, on an examinat
found to contain sla
errors under the hea
Repayment of loan
and recovery of
interest and fines,
resulting in a net

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Government observation noted.

12. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in section 42 of the articles of association, the General assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favour particular individuals, and had such instaces produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

decrease of one Rupee. 30

The Bank has been worked to make the necessary corrections (before putting the values sheet recorded.

12. The limitations prescribed in the Articles of Association as regards loans to members (viz. Rs 1000 for a 1st 2nd or 3rd class loan, Rs 500 for a 4th class loan and Rs 2000 for total liability) had not been exceeded in the case of any. The General Assembly at the meetings on 21st November 1897 and 10th March 1898 resolved that members

might be granted loans
to the extent of two-
thirds of the value of
property to be mort-
gaged to the Bank
This limit was exceed-
ed in the case of
two members, Kari
poreaippa and Sundappa
At the inspection held
in September 1898,
Mr Chengiah Chetty
expressed the opinion
that the loans granted
should not exceed 50
per cent of the value
of property and that
in the seven cases in
which they exceed
this limit the Board
of Directors should
at once take addi-

Government observation.

Why was this not done?

Accordingly upon the Government directed that the Armed ar should see that the same was done; no additional security was however obtained from any of the members and when the omission was brought to the notice of the President and Agent in August 1899, they said that an early meeting of the General Assembly would be convened to consider the question of modifying the maximum limit of two-thirds originally fixed by the General Assembly but the question had

not been placed before the General Assembly in any of the meetings held subsequent to August 1899. By payments of instalments, the amount of first-Class loan outstanding against four of the seven members referred to had come to be under 50 per Cent, while the same outstanding against the others, viz: Cumberland Swansea Kearney Niagara and Sandusha were still in excess of 50 per Cent, that is, they were from 54 to 56

per Cent. There were no Complaints as to any deserving applications having been refused; but the General Assembly at one of their meetings resolved that the President and Agent had shewn partiality to one of themselves, the President, in granting him a loan of Rs 120

Government observation.

Are there any grounds in support of this allegation? Let the Deputy Commissioner Inquire and set matters right.

Note the sums obtained and used for the several purposes indicated in the appended form.

The objects for which loans are applied for are enumerated in the applications for loans and the register of such applications. The Directors are stated to be

watched the use made of the loans obtained and no instances of misuse had been brought to notice. The purposes for which loans were obtained and used are shown below

Amount obtained	Rs	A	P	Amount Spent	Rs	A	P
To discharge encumbrances	6467	-	-	1. For discharging encumbrances (with interest)	6042	-	
" " other debts	3798	-	-	2. To discharge other debts (with interest)	3758	-	
For Agricultural purpose	3560	-	-	3. For agricultural purposes -			
				(a) Kandayam	372	-	-
				(b) To buy bullocks and carts -	1205	-	
				(c) Planting	272		
				(d) Improvement of wells	130		
				(e) Manure -	565		
				(f) Seeds	250		
				(g) Other improvements connected with Gardens	766		
Total	13825			Total	13360		

75

14. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference if any with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts &c. obtained had been produced, and in case of notable exceptions when they are expected to be produced.

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13 The Bank had obtained 28 Mortgage deeds. These were in due form and registered. One of them, however, was not in the Custody of the Agent, being stated to have been produced in Court in obedience to a Summons. In the document executed by Hatack Auch Hammia for Rs 50, interest was entered at 5 1/2 per Cent instead of at 6 per Cent, but it had been accounted at 6 per Cent. Twenty three mortgage deeds duly discharged and 35 discharged documents and other Vouchers in respect of Simple

debts, had been pro-
duced, inclusive of
those due from four
~~of~~ out of the six
defaulters named in
para 5 of Mr Chen
yeah Chetty's report
The remaining two
defaulters were (1)
Inkkan Sub. and (2)
Gundappa to the
former, the Bank
declined to grant the
loan required to
discharge the prior
mortgage on the
ground that the
security offered by
him was insuffi-
cient although its
officers at first
agreed to pay the

amount and got a deed executed and registered. In addition to and upon a reference to two members, namely Arch Kanmaiya and Linguppaya have to produce charged documents involving Rs. 4.65 in respect of loans obtained subsequent to Mr Chengiah Chetty's inspection. The Agent had not produced any Sale deeds in respect of the lands, by prosecuted by him, on the ground that Patta had been made out in his name.

Deputy Commissioner's remarks.
The Amildar has been written to see that this is done and submit a report.
Government observation.
Noted

78

39

He has been asked to file them in the Bank with the mortgage deed executed by him, as also to cause early production of the discharged documents referred to

Loans outstanding against members at date of inspection were as follows

(v) Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

Class I	Class II	Class III	Class IV	Total	Value of property under mortgage to the Bank
Rs. 8681-8-0	865-0-0		38 0-0-0	4926-8-0	Des/Asst. 25.2/51

(vi) As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears if any how explained and when expected to be paid.

(vi) (10)

14. The defaults made by members had been brought to the notice of the General Assembly

at each annual meet
ing dealt with by
Assembly in a lenient
manner. In the case
of defaults noticed
at the end of the
first years operation
the General Assembly
took into Considera
tion the effects of
the outbreak of the
plague in their midst
and resolved that
penalty on sums of
interest overdue be
remitted till July
1899, and that in
lieu of the instal
ments payable by
members under the
terms of the docu
ments executed by
them in which time

for repayment had been allowed from 1 to 10 years as noted in the margin, ten annual instalments be recovered from all the members without distinction at one-tenth of the loans granted. This rule Vertually revises the terms of the registered deeds executed by members, and was specially disadvantageous to 26 members including office-bearers. In spite of these Conventions the General Assembly in their next annual meeting held 5th October 1900 had deal with

1 year in 1 case
3 years " 2 cases
4 " " 3 "
5 " " 12 "
6 " " 4 "
" " 2 - "
10 " " 3 -

Deputy Commissioner's remark.
This will tell against the usefulness of the Bank except in respect of those that have already borrowed large sums. The enforcement of the terms of the bonds strictly is therefore desirable.
Government Observation.
Government agree.

ever defaults in the payment of interest and 15 defaults in the payment of ~~defaults~~ ~~& ever def~~ instalments

The General Assembly took into Consideration the loss Caused by the failure of Crops and resolved that the interest accrue be recovered forthwith, but notion the penalty due under the rules in force; that further time up to the end of March 19 be allowed for the payment of instalments accrue; and that defaults if pay

Government observation.

This is a matter to which the Deputy Commissioner's attention is invited in view to the adoption of the needful corrective measures.

existed in be dealt with under Section 54 of the Articles of Association. The Office bearers who were themselves defaulters were far from eager to proceed under Section 54. The next meeting of the General Assembly held in September 1901, had thus to deal with 21 Cases of failure to pay one instalment, 7 Cases of failure to pay 2 instalments, 1 Case of failure to pay 3 instalments 6 Cases of failure to pay or renew II and IV Case Loans. The General Assembly

attributed the defaults
to the losses occasioned
during the plague
Scare and resolved
that the first men-
tioned defaulters be
allowed to pay the
instalments overdue
in three parts, each
part being payable
with the instalments
accoming due in the
next three years;
that the Second men-
tioned defaulters do
pay one of the in-
stalments in October
1901 and the other
in 3 parts as above;
that the member who
failed to pay three
instalments be called

upon to pay up all
amounts due by him
and that renewals
of IV class loans
be permitted only
on payment of por
tions of sums due
not lower than 25
5/- on each occasion.
The tenancy thereon
by the General Assembly
only tended to make
unpunctuality Chronic
and at the end of
December 1901, the
Bank found that
it was unable to
pay fully the half
yearly interest
due to Government

An extraordinary
meeting of the General
Assembly held on the
8th January 1902,
resolved that if funds
were not shortly be forth-
coming by payments
from members, deposits
be obtained, even at
the rate of 12 per
cent per annum, in
order to pay the
interest due to Govern-
ment, that the
loss which may there-
by be occasioned
to the Bank be levied
from defaulters of
interest, that defaulters
of instalments and

other dewans the service with notice for payment of the Sums due by them and proceeded against in a court of Law and that the amount required to meet Court Costs be raised by means of deposits at 12 per Cent, if necessary. Subsiequent to the date of that Resolution, arrears of interest and principal amounting to Rs 327-10-1 were recovered out of Rs 963-11-3, overdue from according to the

revised terms; and the Bank paid up the balance of interest due to Government Rs. 35-4-0. At the time of inspection there were 13 defaulters, from 1 of whom interest only was due, from 11 of whom principal only was due, and from one, both principal and interest were due. Among these were the President and two of the Directors. The President it was clear from the Resolutions of the General Assembly

did not possess the
sympathy or regard
of the General body
of Members, in whos
last Proceedings it
was noted that he
was always putting
off payments and
offering undenable
excuses. The advi-
sability of his re-
signing the office
of President, was
suggested.

15 As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

15. The Surplus up
to date of inspection
amounted to Rs 25314-
out of which Rs
228-7-3, had been
realised. No portion

of this had been carried to the Reserve Fund. A Sum of Rs 174-6-6 was used for the granting of loans to members and a Sum of Rs 54-0-9 was in the hands of the Agent

*Government observation
This was wrong.

16 As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law.

16. The rules for Convening Meetings of the General Assembly are understood by the Members. Two Meetings were held in 1898 but only one in each of the years 1899, 1900 and 1901. The resolutions of the

first of these 5 meetings have been recorded in the office of the Registrar; the reason for the non recording of the re Solutions of the 2d meeting have been referred to in para 6 above; the proceedings of the 3d meeting could not be sent for registration as they were not conformed within the prescribed period. Steps have been taken to get the proceedings of the 4th and 5th meetings recorded. One extra

ordinary meeting was held in January 1902, but the proceedings thereof have not been conformed or recorded; the Agent explaining that it was not deemed necessary to observe these formalities in respect of the business done which was mainly a Considera-tion of the defaults by the Presidents and others in paying the Bank's dues.

Government observation.

This Government think was an omission for which the Explanation furnished is inade-quate.

17. The Minute Book shews that the Directors met on six occasions

17. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

to Convene Meetings of the General Assembly and on one occasion to appoint a temporary Agent. Applications for loans &c appeared to have been disposed of by them by circulation.

Government observation.

. This is not quite in accordance with Rules the strict observance of which must be insisted upon.

As regards supervision, whether any and what arrangements the General Assembly had made for control and audit, ar effective and Satisfact

18. There was no record of any appointment of Auditors made by the General Assembly. It was explained that the Directors nominated Auditors pro tempore for the examination of

Government observati

Omissions of this should not be allow recur.

each Balance Sheet after the same was prepared The General Assembly had made no arrangements for effective Supervision and the General Assembly had itself been exceeding by Lament.

[20] As regards registers and accounts, see appended list, note therein which of them is kept and how.

19. The following is a list of Books and Registers in the Bank:-

List of Registers and accounts	State of Register or Account	Reference to paras in inspection Report noticing the Registers and Accounts.
I Register of Members	Properly Kept.	Para. 6.
II -do- of applications for loans	do. — — —	12.
III Cash Book - 2 Vols.	Contained many erasures Corrections interpolations illegible entries and one wrong total. Also Ledger pages not entered herein - - -	— 11 —
IV. Ledger - -	Entries not Sufficiently clear.	
V. Minute Book	Only Kept - A few proceedings of the Board of Directors also entered herein - - - -	— 16 —
VI Register of Balance Sheets	Loose Sheets Kept - There were a few slight discrepancies in the return for the half year ending December 1901 - - -	— 11 —
VII. Property Register	Kept in printed book - Contained a few omissions - Lists furnished by 3 members not full.	— 7 —
VIII. Register of monthly Cash abstracts	Loose Sheets Kept -	
IX. Register of Bonds	Kept - in regard to documents executed in favor	

of the Bank. Does not contain ~~Columns~~ Columns for shewing the No: and particulars of title deeds and other documents produced but a Separate note book is kept to shew these.

X. Receipts by Bank to members

Printed books in Counterfoil used, as also when these were wanting 2 manuscript books. Receipts not invariably granted to all payers on date of payment.

XI. Depositors' ledger

not fully written up. Contained Corrections

XII. Treasury Pass Book

not fully written up Entry made up to 14-10-98. Twelve entries had to be made under the head "Drawn from Treasury" and 16 entries under the head "Paid into Treasury"

XIII. Chalan Book	Printed book in Counterfoil in use.
XIV. Cheque Book	— do — do.
XV. Receipts by members to Bank —	Only Kept. There were some corrections under the Column Showing date of payment. — 4 —
XVI. Register of Directors	Kept — — —
XVII. do — of Directors' proceedings	not Separately Kept — — 17 —
XVIII. Do of appropriation of loans	not Kept. Purposes specified in applications Drs Charged ~~account~~ documents had been produced to a large extent —
XIX. — do — of Contingent expenses	Kept, but not signed by all the Directors, as required by a Resolution of the General Assembly

XX. — do — of disbursement of pay to Establishment	not separately kept. Receipts taken in Book No XV and on few slips
XXI. — do — of "from" letters	Duly kept
XXII. — do — of "To" Letters	—do
XXIII. Visitors' Book.	not kept

20. General remarks, regarding the State of the Bank.

The President is old and infirm There was at one time grave misunderstanding between him and the Agent owing to his having opposed the latter's charging pay for a Mutsadi in favor of his Son-in-law. The President sent petitions to Inspector about the Agent wasting the Surplus in this manner, but he was snubbed by the General Assembly and replaced by another. The quarrel had since been mad

Government observation.

Both the President and the Agent must be good and capable men working in a disinterested manner in so good a cause. Effete men occupying such responsible positions are useless while men who cannot rise above selfishness are quite out of place

up and the old gentleman allowed the pleasure of occupying the position of President, but to all appearance, without dignity. He was incapable of exercising any influence for good

The drawbacks noticed were due chiefly to want of firmness on the part of the General Assembly, who, apparently followed the leading of the Agent and other Brahmin members

Government observation.

This is a great pity. Cannot some effective measures be adopted for the strengthening of the Calibre of the General Assembly?

Government observation

This report is far from satisfactory. There is nothing radically wrong, but the management leaves much to be desired, and to this Government wish to draw the special attention of the Deputy Commissioner and his subordinate officers in view to their exerting themselves and bringing about such improvements as may be required in order to place the affairs of this institution on a sound and satisfactory basis. A further report three months hence is desired.

with a slight warning from the Deputy Commissioner and with occasional enquiries by Local officers, matters may improve.

Sd- H V Ramyndayyar
Secretary
to Govt, Rev
and Jenrial
Departt

To

The Deputy Commissioner Tumkur
District
Deputy Commissioners of other Districts

Inspector of Agricultural Banks in Mysore

Vol — Appendix I

Statement showing the extent to which the original list of property submitted to Government had been affected by resignation and other causes.

	Sircar land								Inam land								Total		Value
	Dry		Wet		Garden		Total		Dry		Wet		Garden		Total				
	A	G	A	G	A	G	A	G	A	G	A	G	A	G	A	G	A	G	Rs
Property of said 27 members as entered in the original list submitted to Government	213	12	75	38	24	5	313	15	63	16	30	8	9	15	102	39	416	14	31,710
Decrease in the above (1) owing to resignation of 1 member	4				1	7	5	7									5	7	500
(2) " sale by 2 members before the opening of the Bank			1	32	39		2	31									2	31	200
(3) " to the elimination of lisse in the lands of 1 member	5	12		20			5	32									5	32	225
(4) " to the omission of certain Service inam lands of 3 of these members									47	33	5	38	8	34	62	25	62	25	3,065
Total decrease	9	12	2	12	2	6	13	30	47	33	5	38	8	34	62	25	76	15	3,990
Increase in the property of 2 members owing to inclusion of lands not shown in the original list but mortgaged to Bank	5	5	4	2			9	7									9	7	460
Net property of the original 26 members on roll	209	5	77	28	21	39	308	32	15	23	24	10	1	21	40	14	349	6	28,180

Office of the Inspector of Agricultural Banks in Mysore
Dated, Bangalore, 6th March 1902.

(Sd) B. Ramaswamiengar,
Inspector of Agricultural Banks in Mysore

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Corrected Copy

1902-03

GOVERNMENT OF MYSORE

REVENUE

PROCEEDINGS

Dated 10th July 1902

R. 225-233
R. F. 35-97

Recording with observations the Report on the Inspection of the Agricultural Bank at Gulur, Tumkur Taluk.

SBP—15-7-02—300

READ—

Letter No. 826, dated 17th March 1902, from the Deputy Commissioner, Tumkur District, submitting with his remarks, the Report on the Inspection of the Agricultural Bank at Gulur, Tumkur Taluk, conducted by Mr. B. Ramaswami Iyengar, Inspector of ~~the~~ Agricultural Banks.

No. R. 225-233—R. F. 35-97, DATED BANGALORE, 10TH JULY 1902.

ORDER THEREON.—Recorded with the following observations:—

Memo No. 250.—The Gulur Agricultural Bank.

1. Date of present inspection.

1. The Bank was inspected on 22nd and 23rd February 1902.

2. Whether there is a duly registered suitable Bank Office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.

2. The Bank Office is held in a small room in the front yard of the present Agent's house. It was at first held in a house belonging to Musahib Subbanna and was, when that locality was deserted during an outbreak of the plague transferred to the house of the President Venkatrayappa in May 1899. From there it was transferred to the Agent's house as directed by the General Assembly in October 1901.. These transfers had been reported to and recorded in the Office of the Registrar. Though the office room is small, the verandahs, in front of it, afford sufficient accommodation members calling at the Office.

3. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

3. The General Assembly, in making preliminary arrangements for the starting of business, resolved in November 1897, that the Board of Directors should meet *every day* at the Bank house for the disposal of darkhasts, from 6 to 8 in the morning and from 6 to 9 in the evening and affirmed the same resolution in a meeting held on the 6th March 1893; but this was more than what the affairs of the Bank required or what any Board could be expected to do.* Business had, as a matter of fact, been done at irregular intervals, and on an average during six days in a month†.

* *Government Observation.*

Quite so.

† *Government Observation.*

Six sittings in the month were quite ample and Government presume that all concerned had due notice thereof.

4. Whether the Bank's registers, accounts, title-deeds documents, cash balance and other property are kept in the Bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.

4. The Bank's registers, accounts, documents, cash balance etc., are kept in the Bank's Office in the custody of the Agent as directed by the General Assembly.

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the Directors and Office-bearers reside; and if business was extended to any new village whether there was proper sanction for it.

5. The villages sought to be benefited are the nine mentioned in the Memorandum of Association and are within a radius of five miles from the Bank house. Out of the 26 members in the Bank, 24 are residents of Gulur itself; one member is a resident of Haldodderi, 12 miles from Gulur and the other of Mysore; but both the latter have lands and houses at Gulur. The present office-bearers are all of Gulur.

6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the Bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the Bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6. The number of members at the commencement was 27. There was since a decrease of one, by resignation.

Government Observation.

This omission should not have been allowed to occur but no addition is called for under altered conditions and under the circumstances represented.

The General Assembly in August 1898 admitted the applications of five new men, but no entrance fee was recovered from them nor were their names brought on the register as the Registrar's certificate concerning the increase applied for by the Bank was not furnished to it. This omission was due to the Bank's application having been lost sight of in this Office. When, later, it was found out and brought to the Bank's notice, the Bank desired that the application should be returned to it as the new applicants had not furnished lists of their lands and the Bank itself was not in a position to grant the loans which they might require.

Six of the members were not khatedars in respect of some of the lands held by them; and one of them was also a member of a joint family. In these cases the consent or attestation of khatedars and persons interested had been obtained, excepting, however, in the one case of member Siddappa, regarding which the President and Agent were asked to take the usual precautionary steps notwithstanding that the member's exclusive right to and enjoyment of the lands seemed to them to be undoubted.

Government Observation.

This should receive immediate attention.

Twelve of the members are Brahmins, of whom nine are related to each other. One of these, the one residing at Haldodderi, is a member, also of the Agricultural Bank at Haldodderi and has dealings in both Banks, mortgaging different properties to each. Of the remaining 14 members, 3 are Telugu Banagigars, 2 Nonabas, 2 Tiglas, 2 Kumbars, 2 Bedars, 1 Ganiga, 1 Besta and 1 Mahomedan.

Government Observation.

Such members are next to useless and the man's resignation is not a matter for regret.

The member that resigned was a Wakliga who had not taken any interest in the Bank.

As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained: if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the Bank. Any notable instances of new acquisition or improvement since formation of the Bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the Bank obtained or the Rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the Bank at date of inspection.

7. A copy of the list submitted to Government showing the lands of members is kept in the Bank, and it has been since entered in the printed form of the Property Register furnished to the Bank. A comparison of this with the schedules of mortgage deeds executed in favor of the Bank showed some omissions and a few discrepancies in area, of which a note has been given to the President and Agent, who said they would seek the aid of the shanbhog and make the necessary corrections in and additions to the lists, in the Register.

**Government Observation.*
Government hope that this has been done.

The gardens of the President and four other members at Gulur were inspected; and concerning others, enquiry was made. The President's garden, about which Mr. Chengiah Chetty made the marginally noted remark in his report of the 14th November 1898, was still in a poor condition in spite of the efforts made by the President to improve it. He had re-built the well at some cost and granted advances to two servants but one of them died and the other ran away. The arecanut trees in the Agent's garden were stated to be of late, dying in large numbers from a peculiar disease indicated by a reddish patch in the stem above the roots. He was doing his best to save the trees and plant up vacancies, but those present believed that there was something wrong in the soil. Submission of soil and diseased bark to the Agricultural Chemist was suggested. The garden of Subrayappa, the member residing at Mysore showed indications of long neglect. His local Agent and lessee had converted a portion of the garden into wet land and were endeavouring to improve the rest. The value of wet lands has risen considerably in this part.

"I found the arecanut garden of Venkatarayappa not ploughed up and manured this year like other gardens. I took him to task and told him that unless the garden is kept in good condition the loan will be withdrawn."

Dy: Comr.'s remark.
Orders have been issued to the Amildar of Tumkur to see that this is done and reported.

Government Observation.
Noted.

Government Observation.
A copy of this para will be sent to the Agricultural Chemist for favor of investigation. Every attempt should be made to prevent deterioration and consequent diminution of the Banks or the Government security.

Government Observation.
Quite right.

Members wishing to sell any of their lands have to apply for the permission of the General Assembly who will, as far as possible, use their influence to prevent hasty or inconsiderate alienations.

A statement is appended showing the extent to which the original list submitted to Government had been affected by resignation and other causes. It will be seen therefrom that the value of lands held by members of the Bank is now *Rs. 28,180 against Rs. 31,710*; mentioned in the original list and that the decrease was due mainly to the elimination of Service Inam lands. The liabilities of the Bank at date of inspection amounted to Rs. 9,752-1-6.

* 8. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the Bank had in its dealings unauthorizedly exceeded the limit and if so, how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived *viz* :—entrance fee, contributions, loans from Government if any, loans from others, deposits from members (1) in cash and (2) in grain, deposits from outsiders, Debentures etc. Note whether the Bank's credit is well established and sustained, or steadily growing: if otherwise to what extent such result is due to any action or omission of the Bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

* 8. The limit fixed in the Articles of Association for the Bank's Funds is Rs. 2),000. It had not been increased, decreased or exceeded. The following is a classification of the Bank's funds at date of inspection :—

	Rs.	a.	p.
Entrance fee ...	13	8	0
Contributions ...	.....		
Loans from Government	9,576	13	4
Loans from others	.....		
Deposits from members—			
(1) Cash	170	4	2
(2) Grain	.....		
Deposits from outsiders	5	0	0
Debentures	.....		
Out of surplus ...	160	14	6
Total ...	9,926	8	0

Government Observation.

The district and local authorities could do much in this direction. The members too should do all that is reasonably expected of them.

The Bank's credit is still forming. The members have not taken the necessary steps to spread a knowledge of the merits and usefulness of the institution in their neighbourhood. The Agent and a few of the members promised to exert themselves in this behalf.

9. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the Bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of Sections 74&75 of the Articles of Association; and state reasons for such opinion briefly and concisely.

9. The loan sanctioned by Government was Rs. 12,000 of which Rs. 4,000 was drawn in January 1898, Rs. 3,000 in February 1898, Rs. 3,000 in April 1898, and the balance (save Rs. 37) in small sums in 1898-99 and 1899-00. It has been arranged that the Bank should repay the advance in ten annual instalments, and beginning with 1899-00, it has accordingly paid two instalments amounting to Rs. 2,400; thereby reducing the amount of advance to Rs. 9,600. The amount outstanding against the Bank at date of inspection was Rs. 9,576-13-4. The loan may be continued subject to the affairs being conducted in a satisfactory manner.

Government Observation.
Approved.

10. As regards loans and deposits from others, note the terms allowed, generally in regard to rate of interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the Bank's requirements or of what local conditions of credit, prudential considerations and the progress and well-being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually, completely and satisfactorily.

10. The deposits received and withdrawn were as follows:—

	Received.			Withdrawn.			Balance remaining.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
(*a*) From members ...	871	4	2	731	0	0	140	4	2
(*b*) From outsiders ...	333	0	0	328	0	0	5	0	0
Total	1,204	4	2	1,059	0	0	145	4	2

Interest at four per cent was allowed on deposits, and rules similar to those of the Savings Bank governed them. Efforts made to attract deposits were much below requirements. There being ample security and the town of Tumkur being very near, the Bank might derive sufficient support from officials and others in a position to save. One or two energetic members ought to do the needful canvassing and this the Agent has promised to do.

Government Observation.

There is much in this and Government would be glad if support of the kind suggested could be secured.

11. As regards the Bank's transactions—Compare the Cash Book with Ledgers, Receipts, Chalans, Cheques, Treasury Pass Book, Contingent and Establishment Registers, Documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave. In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory, note briefly your objections.

11. The Cash Book had not been written with sufficient care. It contained many erasures and corrections and some interpolations unattested by the President or Agent. Such mistakes and omissions, could not have occurred if the book had been posted up as the transactions took place. Receipts had not been granted in some cases; some of the receipts granted comprised present and past payments and some bore subsequent dates without any note as to actual date of payment. There was one receipt in respect of which the total in the counterfoil of the Bank was alone altered with reference to certain corrections in details and the total, made in the Cash Book, subsequent to the granting of receipt. The dates of payment by the Bank had in a few instances been altered both in the Cash Book and in the Receipt Book, but as regards these corrections, while the Agent, who made them was unable to offer any explanation, one of the Directors present suggested that they might have been due to creditors having been brought to the Bank and paid in the Bank subsequent to the dates on which the members concerned executed receipts in favor of the Bank. There was further, one wrong total causing loss of one rupee, which, however was made good by the then Agent when the error was pointed out. In the course of five years there had been five changes in the offices of President and Agent and eight changes in that of the accountant paid to help the Agent in keeping the accounts. The erasures, corrections and discrepancies were all pointed out to the Presidents,

Government Observation.

Para 11.

The state of things reported in this is extremely unsatisfactory. Was there no inspection before this by an Officer of Government?

Agents and Directors present and explanations were caused to be noted on counterfoils of receipts when they were found acceptable. As some of these gentlemen seemed to feel ashamed of the way in which the Cash Book had been kept, they may be expected to take sufficient care in future.

Were the charges incurred under—Establishment—and Contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

The persons paid as Accountants of the Bank were :—

Government Observation.

This is a matter deserving of further investigation.

(1) A son of the present Agent, studying at Mysore during the time he sojourned at Gulur.

(2) A son-in-law of the said Agent.

(3) A brother of the President.

(4) A son of the former Agent, employed as a clerk in a Government Office during the time he happened to visit the village on leave when his father held the office of Agent.

(5) A member of the Bank named Surappa, who was a relation of the President and Agent and who, besides being a member of this Bank, was the President of the Bank at Haldodderi.

(6) Gundappa, another member of the Bank, for a short period. If the appointments were not nominal, the power to appoint such close relations, whether or not they were able or required to write accounts, had probably been viewed as a fairly allowable perquisite. When I pointed out the little work done by these men and the way in which it had been done, and spoke of the duty imposed on members to render gratuitous service and the benefits accruing to the Bank by such performance of duty, the members present, both Brahmin and non-Brahmin, observed that a gumasta was indispensable for the dignity of the Institution, and when they were told that there was greater dignity in their rendering gratuitous service, they observed that most of the competent among the literate members were staying out or going out and the burden would fall heavily on such as stayed at Gulur.

Dy. Comr.'s remarks.

The correct and regular keeping of accounts require a qualified gumasta and in a village like this Rs. 5 or 6 per mensem will procure one. It is preferable if he is not a relation of the President or Agent.

Government Observation.

Yes.

The accommodating spirit of the general body of members may be seen from the * marginally noted resolution of the General Assembly, allowing the President-member referred to, remuneration for services as gumasta during a period when there was little or no work to be done owing to the prevalence of the plague. That gentleman is said to have then come to Gulur on a visit and compelled to stay there as Haldodderi people declined to admit him. In one or two instances the Government had ordered the refund of salary received by members for services to the Bank but here the Assembly that was

* "As regards the pay of the mutsaddi for 5 months from December to end of April, during which the business of the Bank was in abeyance, amounting to Rs. 25 which remained unexpended, the reason for the non-payment was upon consideration found to be not due to any fault of the official but to the occurrence of plague scare in consequence of which business was not done. The Assembly therefore resolve to sanction the expenditure of Rs. 25 and disbursement of the same as pay."

immediately interested in conserving the resources of the Institution had sanctioned the payments and it was not clear that its decision could be revised or corrected.

Note date of the last entry in the Cash Book; and the cash balance on that date according to the Cash Book and as forthcoming in the Bank's chest. Are instances frequent of the transgression of the limit fixed in the Articles of Association for cash balance in the hands of the Board of Directors and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President.

The Cash Balance on the 10th February 1902, the date of the last entry in the Cash Book, was Rs. 54-0-9 and it was shown by the Agent. The limit fixed in the Articles of Association for Cash Balance in the hands of the Board of Directors is Rs. 500. On six days during the period which preceded the meeting of the General Assembly on 27th May 1899, the balance exceeded that limit, and on one of those days it exceeded Rs. 2,000. The General Assembly of the 27th May 1899, took notice of this and directed that Rs. 25 only should be retained in the Bank on account of current expenses and that sums in excess of Rs. 25 should *invariably* be transmitted to the Government Treasury. This order had been violated on 160 days during the period that followed the said meeting of the General Assembly, the balance exceeding Rs. 100 on 61 days. The facility afforded for keeping current account with the Treasury had not been utilised to the extent possible. The explanation given is that there were members waiting for loans, but the balances were in excess of Rs. 100 continuously for a period of 17 days, on one occasion, and of 24 days on another occasion.

Dy. Comr.'s Remark.

Rs. 25 is too low a sum, it may go up to Rs. 100.

Government Observation.

The Deputy Commissioner, is perhaps right. His proposals on the subject are awaited.

Note the general results of the Bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the Bank is correct in all particulars.

The general results of the Bank's transactions up to date of inspection were as follows:—

Receipts.	Rs. a. p.	Expenditure	Rs. a. p.
From Treasury	11,976 13 4	To Treasury	.....
Deposits from members	961 4 2	,, Current account	.....
,, others	333 0 0	,, Principal re-paid	2,400 0 0
Entrance fee	13 8 0	,, Depositors	1,059 0 0
Interest and penalty	2,413 10 1	,, Members' loan	13,825 0 0
Loans re-paid	3,898 8 0	,, Government on account of interest ...	1,629 9 4
Other items	0 3 9	,, Depositors do ...	13 12 2
		,, Printing charges	33 2 6
		,, Establishment	419 5 4
		,, Contingencies	74 1 3
		,, Cash in hand	54 0 9
Total ...	19,536 15 4	Total ...	19,536 15 4

Government Observation.

Noted.

The balance sheet for the half year ending 31st December 1901, was, on examination, found to contain slight errors under the heads, Repayment of loans and recovery of interest and fines, resulting in a net decrease of one rupee. The Bank has been asked to make the necessary corrections before getting the balance sheet recorded.

12. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in Section 42 of the Articles of Association, the General Assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of a joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favor particular individuals, and had such instances produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non-application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

Note the sums obtained and used for the several purposes indicated in the appended form.

12. The limitations prescribed in the Articles of Association as regards loans to members (*viz.*, Rs. 1,000 for a 1st, 2nd or 3rd class loan, Rs. 50 for a 4th class loan and Rs. 2,000 for the total liability) had not been exceeded in the case of any. The General Assembly at the Meetings held on 21st November 1897 and 10th March 1898 resolved that members might be granted loans to the extent of two-thirds of the value of property to be mortgaged to the Bank. This limit had been exceeded in the case of two members, Karigiriyappa and Gundappa. At the inspection held in September 1898, Mr. Chengiah Chetty expressed the opinion that the loans granted should not exceed 50 per cent of the value of property and that in the seven cases in which they exceeded this limit, the Board of Directors should at once take additional security; whereupon the Government directed that the Amildar should see that the same was done. No additional security was however obtained from any of the members and when the omission was brought to the notice of the President and Agent in August 1899, they said that an early meeting of the General Assembly would be convened to consider the question of modifying the maximum limit of two-thirds originally fixed by a General Assembly; but the question had not been placed before the General Assembly in any of the meetings held subsequent to August 1899. By payment of instalments, the amount of first class loan outstanding against four of the seven members referred to had come to be under 50 per cent, while the sums outstanding against the others, *viz.*, Kumbar Subbaiya, Karigiriyappa and Gundappa were still in excess of 50 per cent, that is, they were from 54 to 56 per cent. There were no complaints as to any deserving applications having been refused; but the General Assembly at one of their meetings resolved that the President and Agent had shown partiality to one of themselves, the President, in granting him a loan of Rs. 120.

Government Observation.
Why was this not done?

Government Observation.
Are there any grounds in support of this allegation? Let the Deputy Commissioner enquire and set matters right.

The objects for which loans are applied for, are explained in the applications for loans and the registers of such applications. The Directors are stated to have watched the use made of the loans obtained and no instances of misuse had been brought to notice. The purposes for which loans were obtained and used are shown below:—

Amount obtained.	Rs.	a.	p.	Amount spent.	Rs.	a.	p.
1. To discharge encumbrances	6,467	0	0	1. For discharging encumbrances (with interest)	6,042	0	0
2. Do other debts	3,798	0	0	2. To discharge other debts (with interest) ...	3,758	0	0
3. For Agricultural purposes	3,560	0	0	3. For Agricultural purposes—			
				(a) Kandayam	372	0	0
				(b) To buy bullocks and carts ...	1,205	0	0
				(c) Planting	272	0	0
				(d) Improvement of wells ...	130	0	0
				(e) Manure	565	0	0
				(f) Seeds	250	0	0
				(g) Other improvements connected with gardens.	766	0	0
Total ...	13,825	0	0	Total ...	13,360	0	0

13. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form, executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged, and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference if any, with explanation; whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts, etc., obtained, had been produced, and in case of notable exceptions when they are expected to be produced.

13. The Bank had obtained 28 mortgage deeds. These were in due form and registered. One of them, however, was not in the custody of the Agent, being stated to have been produced in Court in obedience to a summons. In the document executed by Hutch Hanumaiya for Rs. 50, interest was entered at 5½ per cent, instead of at 6 per cent, but it had been recovered at 6 per cent. Twenty-three mortgage deeds duly discharged and 35 discharged documents and other vouchers in respect of simple debts, had been produced, inclusive of those due from four out of the six defaulters named in para 5 of Mr. Chengiah Chetty's report. The remaining two defaulters were (1) Tukku Sab and (2) Gundappa. To the former, the Bank declined to grant the loan required to discharge the prior mortgage on the ground that the security offered by him was insufficient although its officers at first agreed to pay the amount and got a deed executed and registered. In addition to Gundappa referred to, two members, namely, Hutch Hanumaiya and Lingappaiya have to produce discharged documents involving Rs. 465 in respect of loans obtained subsequent to Mr. Chengiah Chetty's inspection. The Agent had not produced certain sale deeds in respect of the lands hypothecated by him, on the ground that patta had been made out in his name. He has been asked to file them in the Bank with the mortgage deed executed by him, as also to cause early production of the discharged documents referred to.

Dy. Comr.'s remarks.
The Amildar has been written to see that this is done and submit a report.
Government observation.
Noted.

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

Loans outstanding against members at date of inspection were as follows :—

Class I	Class II.	Class III.	Class IV.	Total.	Value of property under mortgage to the Bank.
Rs. 8,681-8-0	865-0-0	...	380-0-0	9,926-8-0.	25,215-0-0.

14. As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments over-due remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise over-due remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears;

14. The defaults made by members had been brought to the notice of the General Assembly at each Annual Meeting, but dealt with by the Assembly in a lenient manner. In the case of defaults noticed at the end of the first year's operations, the General Assembly took into consideration the effects of the outbreak of the plague in their midst and resolved that penalty on sums of interest over-due be remitted till July 1899, and that in lieu of the instalments payable by members under the terms of the documents executed by them in which time for repayment had been allowed from 1 to 10 years as noted in the *margin, ten annual instalments be recovered from all the members without distinction at one-tenth of the loans granted. This rule virtually revised the terms of the registered deeds executed by members, and was specially advantageous to 26 members, including office-bearers. In spite of these concessions, the General Assembly in their next Annual Meeting held in October 1900, had to deal with

*1 year in	1 case.	
3 years in	2 cases.	
4 „	3 „	
5 „	12 „	
6 „	4 „	
8 „	2 „	
10 „	3 „	

whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears if any, how explained and when expected to be paid.

Dy. Comr.'s remark.

This will tell against the usefulness of the Bank except in respect of those that have already borrowed large sums. The enforcement of the terms of the bonds strictly is therefore desirable.

Government Observation.

Government agree.

Government Observation.

This is a matter to which the Deputy Commissioner's attention is invited in view to the adoption of the needful corrective measures.

six defaults in the payment of interest and 15 defaults in the payment of instalments. The General Assembly took into consideration the loss caused by the failure of crops and resolved that the interest overdue be recovered forthwith, but without the penalty due under the rules in force; that further time up to the end of March 1901 be allowed for the payment of instalments overdue; and that defaults if persisted in be dealt with under Section 54 of the Articles of Association. The office bearers who were themselves defaulters were far from eager to proceed under Section 54. The next meeting of the General Assembly, held in September 1901, had thus to deal with 21 cases of failure to pay one instalment, 7 cases of failure to pay 2 instalments, 1 case of failure to pay 3 instalments, 6 cases of failure to pay or renew II and IV class loans. The General Assembly attributed the defaults to the losses occasioned during the plague scare and resolved that the first mentioned defaulters be allowed to pay the instalment overdue in three parts, each part being payable with the instalment becoming due in the *next three years*; that the second mentioned defaulters do pay one of the instalments in October 1901 and the other in 3 parts as above; that the member who failed to pay three instalments be called upon to pay up all amounts due by him and that renewals of IV class loans be permitted only on payment of portions of sums due, not lower than Rs. 5 on each occasion. The leniency shown by the General Assembly only tended to make unpunctuality chronic, and at the end of December 1901, the Bank found that it was unable to pay fully the half yearly interest due to Government. An Extraordinary Meeting of the General Assembly held on the 8th January 1902, resolved that if funds were not shortly be forthcoming by payments from members, deposits be obtained, even at the rate of 12 per cent per annum, in order to pay the interest due to Government, that the loss which may thereby be occasioned to the Bank be levied from defaulters of interest, that defaulters of instalments and other loans be served with notices for payment of the whole of the sums due by them and proceeded against in a Court of Law and that the amount required to meet Court costs be raised by means of deposits at 12 per cent, if necessary. Subsequent to the date of that Resolution, arrears of interest and principal amounting to Rs. 327-10-1 were recovered out of Rs. 963-11-3, overdue even according to the revised terms; and the Bank paid up the balance of interest due to Government Rs. 35-4-0. At the time of inspection there were 13 defaulters, from 1 of whom interest only was due, from 11 of whom principal only was due, and from 1, both principal and interest were due. Among these were the President and two of the Directors. The President, it was clear from the Resolutions of the General Assembly did not possess the sympathy or regard of the general body of members, in whose last proceedings it was noted that he was *always* putting off payments and offering *untenable* excuses. The advisability of his resigning the office of President was suggested.

15. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets, what they are and their value.

15. The surplus up to date of inspection amounted to Rs. 253-14-0, out of which Rs. 228-7-3 had been realised. No portion of this had been carried to the Reserve Fund. A sum of Rs. 174-6-6 was used for the granting of loans to members and a sum of Rs. 54-0-9 was in the hands of the Agent.

Government Observation.
This was wrong.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the Articles of Association or other provisions of law.

16. The rules for convening meetings of the General Assembly are understood by the members. Two meetings were held in 1898 but only one in each of the years 1899, 1900 and 1901. The resolutions of the first of these 5 meetings have been recorded in the office of the Registrar; the reason for the non-recording of the resolutions of the 2nd meeting have been referred to in para 6 above; the proceedings of the 3rd meeting could not be sent for registration as they were not confirmed within the prescribed period. Steps have been taken to get the proceedings of the 4th and 5th meetings recorded. One Extraordinary Meeting was held in January 1902, but the proceedings thereof have not been confirmed or recorded; the Agent explaining that it was not deemed necessary to observe these formalities in respect of the business done which was mainly a consideration of the defaults by the President and others in paying the Bank's dues.

Government Observation.
This, Government think, was an omission for which the explanation furnished is inadequate.

17. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

17. The Minute Book shows that the Directors met on six occasions to convene meetings of the General Assembly and on one occasion to appoint a temporary Agent. Applications for loans etc. appeared to have been disposed of by them by circulation.

Government Observation.
This is not quite in accordance with Rules, the strict observance of which must be insisted upon.

18. As regards supervision, whether any and what arrangement the General Assembly had made for control and audit, are they effective and satisfactory.

18. There was no record of any appointment of Auditors made by the General Assembly. It was explained that the Directors nominated Auditors *pro-tempore* for the examination of each Balance Sheet after the same was pre-

Government Observation.

Omissions of this kind should not be allowed to recur.

pared. The General Assembly had made no arrangements for effective supervision and the General Assembly had itself been exceedingly lenient.

19. As regards registers and accounts, see appended list, note therein which of them is kept and how.

19. The following is a list of Books and Registers in the Bank:—

List of Registers and Accounts.	State of Register or Account.	Reference to paras in Inspection Report noticing the Registers and Accounts.
I Register of Members.	Properly kept ...	Para 6.
II Ditto of applications for loans.	Ditto ...	12
III Cash Book, 2 Vols ...	Contained many erasures, corrections, interpolations, illegible entries and one wrong total. Also Ledger pages not entered herein.	11
IV Ledger ...	Entries not sufficiently clear	.....
V Minute Book ...	Duly kept. A few proceedings of the Board of Directors also entered herein.	16
VI Register of Balance Sheets.	Loose sheets kept. There were a few slight discrepancies in the return for the half-year ending December 1901.	11
VII Property Register ...	Kept in printed book, contained a few omissions. Lists furnished by 3 members not full.	7
VIII Register of Monthly Cash Abstracts.	Loose sheets kept	.....
IX Register of Bonds ...	Kept in regard to documents executed in favor of the Bank. Does not contain columns for showing the number and particulars of title-deeds and other documents produced, but a separate note book is kept to show these.	.....
X Receipts by Bank to Members.	Printed books in counterfoil used, as also when these were wanting, 2 manuscript books. Receipts not invariably granted to all payers or on date of payment.	11
XI Depositors' Ledger...	Not fully written up, contained corrections ...	.....
XII Treasury Pass Book	Not fully written up. Entry made up to 14th October 1898. Twelve entries had to be made under the head "Drawn from Treasury" and 16 entries under the head "Paid into Treasury."	.....
XIII Chalan Book ...	Printed book in counterfoil in use ...	.....
XIV Cheque Book ...	Ditto ...	.....
XV Receipts by Members to Bank.	Duly kept. There were some corrections under the column showing date of payment.	11
XVI Register of Directors	Kept	.....
XVII Register of Directors' Proceedings.	Not separately kept	17
XVIII Register of appropriation of loans.	Not kept. Purposes specified in applications, discharged documents had been produced to a large extent.	.....
XIX Register of Contingent expenses.	Kept, but not signed by all the Directors, as required by a resolution of the General Assembly.	.....
XX Register of disbursement of pay to establishment.	Not separately kept. Receipts taken in Book No. XV and on few slip	
XXI Register of "From" letters.	Duly kept	
XXII Register of "To" letters.	Ditto	
XXIII Visitors' Book ...	Not kept	

Revenue, dated 10th July 1902.

20. General remarks regarding the state of the Bank.

Government Observation.

Both the President and the Agent must be good and capable men working in a disinterested manner in so good a cause. Effete mon occupying such responsible positions are useless while men who cannot rise above selfishness are quite out of place.

Government Observation.

This is a great pity. Cannot some effective measures be adopted for the strengthening of the calibre of the General Assembly.?

Government Observation.

This report is far from satisfactory. There is nothing radically wrong but the management leaves much to be desired, and to this Government wish to draw the special attention of the Deputy Commissioner and his subordinate officers in review to their exerting themselves and bringing about such improvements as may be required in order to place the affairs of this institution on a sound and satisfactory basis. A further report three months hence is desired.

20. The President is old and infirm. There was at one time grave misunderstanding between him and the Agent owing to his having opposed the latter's charging pay for a mutsaddi in favor of his son-in-law. The President sent petitions to Inspector about the Agent wasting the surplus in this manner, but he was snubbed by the General Assembly and replaced by another. The quarrel had since been made up and the old gentleman allowed the pleasure of re-occupying the position of President, but to all appearance, without dignity. He was incapable of exercising any influence for good.

The drawbacks noticed were due chiefly to want of firmness on the part of the General Assembly, who apparently followed the leading of the Agent and other Brahmin members with a slight warning from the Deputy Commissioner and with occasional enquiries by Local officers, matters may improve.

L. ANANTASAMI RAO,
Offg. Secy. to Govt., Gen. & Rev. Depts.

To—The Deputy Commissioner, Tumkur District.
The Deputy Commissioners of other Districts.
" The Inspector of Agricultural Banks in Mysore.

Exd.—J.T.R.

APPENDIX I.

Statement showing the extent to which the Original List of Property submitted to Government had been affected by resignation and other causes.

	Sircar land.				Inam land.				Total.	Value.
	Dry.	Wet.	Garden.	Total.	Dry.	Wet.	Garden.	Total.		
	A. g.	A. g.	A. g.	A. g.	A. g.	A. g.	A. g.	A. g.	A. g.	Rs.
Property of said 27 members as entered in the original list submitted to Government.	213 12	75 38	24 5	313 15	63 16	30 8	9 15	102 39	416 14	31,710
Decrease in the above—										
(1) Owing to resignation of 1 member.	4 0	.....	1 7	5 7	.....	.....	.....	.....	5 7	500
(2) Ditto sale by 2 members before the opening of the Bank.	.....	1 32	0 39	2 31	.....	.....	.....	.....	2 31	200
(3) Ditto to the elimination of hisse in the lands of 1 member.	5 12	0 20	.....	5 32	.....	.....	.....	.....	5 32	225
(4) Ditto to the omission of certain service inam lands of 3 of these members.	.....	.....	.....	.....	47 33	5 38	8 34	62 25	62 25	3,065
Total Decrease ...	9 12	2 12	2 6	13 30	47 33	5 38	8 34	62 25	76 15	3,990
Increase in the property of 2 members owing to inclusion of lands not shown in the original list but mortgaged to Bank.	5 5	4 2	.....	9 7	.....	.....	.....	.....	9 7	460
Net property of the original 26 members on roll.	209 5	77 28	21 39	308 32	15 23	24 10	0 21	40 14	349 6	28,180